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ACTION LB-06

3625

TOKYO 06320 150015Z

INFO OCT-02 ADS-02 INR-10 EUR-12 SS-10 CIAE-02 EA-18
CODE-00 H-01 NLCE-00 NSAI-00 SSO-02 HA-06 L-03
DOE-10 TRSE-00 FM-09 PA-01 STR-14 INRE-00 SMS-01
ICAE-00 SP-02 DOIE-00 SPRS-02 /C99 W

-----071135 190831Z /23

O 190015Z MAY 82
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 1694
INFO USDOC WASHDC
AMEMBASSY MOSCOW

CONFIDENTIAL TOKYO 06320

USDOC FOR SECRETARY BALDRIDGE
E.O. 12958: GDS 5/19/82 (CLARK, WILLIAM) OR-M
TAGS: EEWT, JA
SUBJECT: SAKHALIN OIL PROJECT

1. CONFIDENTIAL - ENTIRE TEXT.

2. MOFA EUROPEAN AND OCEANIC AFFAIRS
BUREAU DIRECTOR GENERAL KATO CALLED IN DCM
ON MAY 19 TO DISCUSS THE SAKHALIN PROJECT.
KATO SAID THAT THEY HAD REPORTS FROM
WASHINGTON THAT THE NSC HAD DECIDED FOR THE
TIME BEING TO MAKE NO EXCEPTIONS, INCLUDING
SAKHALIN, TO THE SANCTIONS POLICY AGAINST
THE USSR. THIS HE SAID WAS A NEGATIVE
DECISION AS FAR AS JAPAN WAS CONCERNED
ALTHOUGH HE UNDERSTOOD THAT NO FINAL DECISION
HAD YET BEEN MADE.

3. KATO POINTED OUT THAT THE GOJ HAD
RAISED THIS ISSUE TO THE HIGHEST POSSIBLE
LEVEL. HE NOTED THAT PRIME MINISTER SUZUKI
HAD RAISED THE ISSUE WITH VICE PRESIDENT
BUSH, MITI MINISTER ABE HAD RAISED IT WITH
SECRETARY BALDRIDGE IN PARIS, AND THAT THE
JAPANESE AMBASSADOR HAD RAISED IT WITH
ACTING SECRETARY OF STATE STIGESSEL. HE
SAID THAT THERE WERE NOW PLANS FOR PM SUZUKI
TO WRITE DIRECTLY TO PRESIDENT REAGAN AND
FOR ABE TO WRITE TO BALDRIDGE TO EMPHASIZE
THE IMPORTANCE WHICH JAPAN ATTACHES TO THIS
CASE.

4. KATO REMINDED THE DCM THAT JAPAN HAD
SUPPORTED AND CONTINUED TO SUPPORT US
SANCTIONS AGAINST THE USSR AT THE TIME OF
THE AFGHAN INVADION, DURING THE POLISH
CRISIS, AND THAT JAPAN WAS SUPPORTING THE
US POSITION, AND PLANNED TO CONTINUE TO DO
SO, AT THE TALKS TO RESTRICT CREDIT TO THE
USSR.

5. KATO SAID THAT TIME WAS VERY SHORT AND THAT
JAPAN URGENTLY NEEDED A POSITIVE DECISION
RIGHT NOW, AND IN ANY CASE NO LATER THAN
MAY 31ST. KATO SAID THAT IF OUR FINAL DECISION
IS NEGATIVE, THERE WOULD BE A VERY ADVERSE
REACTION IN JAPAN. HE SAID THAT IT WOULD BE
DIFFICULT TO EXPLAIN WHY JAPAN RATHER THAN THE
USSR WAS BEING PUNISHED BY US SANCTIONS AGAINST
THE SOVIET UNION.

6. KATO CONCLUDED BY STRONGLY SUGGESTING
THAT THE US RECONSIDER ITS POSITION AND
HE REQUESTED A FAVORABLE REPLY AS SOON AS

POSSIBLE. HE ALSO NOTED THAT A NEGATIVE
U.S. DECISION ON SAKHALIN AT THIS TIME
WOULD UNDOUBTEDLY BE RECALLED MOST NEGATIVELY
BY JAPANESE IN THE EVENT OF A POSSIBLE
ULTIMATE U.S. DECISION TO PARTICIPATE IN
THE SUPPLY OF EQUIPMENT FOR THE YAMBURO
PIPELINE.

7. COMMENT: THIS ISSUE IS RAPIDLY GROWING IN
IMPORTANCE. THE GOJ HAS JUST BEGUN TO REALIZE THAT THE
USG MIGHT NOT APPROVE ITS REQUEST FOR EXPORT LICENSES.
THIS HAD NOT REALLY BEEN SERIOUSLY BELIEVED BEFORE,
BECAUSE THE GOJ WAS CONVINCED THAT ITS CASE FOR AN
EXCEPTION WAS SO SOUND. WE ARE NOW AT OR VERY NEAR THE
POINT WHERE A DELAYED DECISION WILL IN EFFECT BE A
NEGATIVE DECISION. ONCE THAT POINT IS REACHED, THE FACT
WILL RAPIDLY BECOME PUBLIC KNOWLEDGE, AND WE WILL HAVE
A VERY SERIOUS PROBLEM ON OUR HANDS, IN TERMS OF ADVERSE
REACTION BY THE PUBLIC, THE DIET, AND GOJ OFFICIALS. WE
STRONGLY URGE A RAPID AND FAVORABLE DECISION ON JAPAN'S
REQUEST FOR EXPORT LICENSES FOR THE SAKHALIN PROJECT.
MANFIELD

State Dept. review completed

CONFIDENTIAL

INCOMING
TELEGRAM

Department of State

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ACTION 55-25

INFO OCT-88 ADS-88 SSO-88 /025 W
-----332141 050203Z /72O 060150Z MAY 82
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 0606
USDOC WASHDC IMMEDIATE
SECDEF WASHDC IMMEDIATE
INFO AMEMBASSY BEIJING IMMEDIATE

CONFIDENTIAL TOKYO 07380

EXDIS

FOR SECRETARIES HAIG, WEINBERGER AND BALDRIDGE AND NSC
ADVISOR CLARK FROM AMBASSADOR MANSFIELD

BEIJING FOR THE VICE PRESIDENT

E.O. 12065: GDS 5/6/88 (MANSFIELD, MICHAEL) OR-M
TAGS: EEVT, JA
SUBJECT: SAKHALIN OIL DEVELOPMENT PROJECT

1. CONFIDENTIAL - ENTIRE TEXT.
2. I BELIEVE YOUR PERSONAL ATTENTION IS NEEDED TO ENSURE THAT INFLEXIBILITY IN APPLYING OUR SANCTIONS POLICY DOES NOT COST US THE COOPERATION OF AN ESSENTIAL AND RELIABLE SUPPORTER OF OUR ECONOMIC MEASURES AGAINST THE SOVIET UNION. OUR MOST RECENT ACTIONS TO RESTRICT SOVIET ACCESS TO HIGHER TECHNOLOGY IN THE ENERGY AREA HAVE RESULTED IN THE WITHHOLDING OF EXPORT LICENSES FOR THE CURRENT YEAR, 'S OPERATION OF AN EIGHT YEAR OLD JOINT JAPANESE-SOVIET PETROLEUM EXPLORATION PROJECT ON SAKHALIN ISLAND. IF THE JAPANESE CANNOT COMPLETE THIS YEAR'S EXPLORATION, THEY WILL BE IN BREACH OF THE PROJECT CONTRACT AND COULD LOSE THEIR INVESTMENT OF \$170 MILLION AND THEIR RIGHTS TO ONE-HALF OF ALL OIL AND GAS EVENTUALLY PRODUCED.
3. THE JAPANESE ARE VERY CONCERNED ABOUT OUR REFUSAL TO ISSUE THE EXPORT LICENSES NEEDED TO AVOID DEFAULT ON THE PROJECT. FOREIGN MINISTER SAKURAUCHI RAISED THIS SUBJECT WITH ME IN MARCH AND PRIME MINISTER SUZUKI ASKED VICE-PRESIDENT EICH ON APRIL 25 FOR HIS ASSISTANCE IN OBTAINING EARLY ISSUANCE OF THE LICENSES IN ORDER TO PERMIT OPERATION DURING THE 1982 SUMMER DRILLING SEASON.
4. I NEED NOT RECALL FOR YOU THAT THE JAPANESE STRONGLY SUPPORTED US ON IRAN AND AFGHANISTAN SANCTIONS EVEN THOUGH THE FORMER COST THEM 13 PERCENT OF THEIR OIL SUPPLY AND THE LATTER COST THEM TWO PROJECTS TAKEN OVER BY THE FRENCH AND GERMANS. THEY HAVE FOLLOWED OUR LEAD ON THE FALKLANDS ISSUE, ANNOUNCING THEIR SUPPORT FOR THE UK RIGHT AFTER WE DID. YOU ARE ALSO AWARE THAT THEY ARE SYMPATHETIC TO OUR CURRENT EFFORTS TO EXTEND SANCTIONS AND INCREASE ECONOMIC PRESSURES ON THE SOVIET UNION. WE NEED THEIR COOPERATION IF OUR EFFORTS ARE TO SUCCEED. IF WE ARE UNABLE TO FIND A WAY TO PERMIT THIS EIGHT-YEAR-OLD JOINT PROJECT TO CONTINUE, WE WILL MAKE IT DIFFICULT FOR THE PRIME MINISTER TO JUSTIFY CONTINUED CLOSE COOPERATION WITH THE U.S. IN RESPECT TO ECONOMIC MEASURES DIRECTED AGAINST THE SOVIET UNION. IF WE FORCE THE JAPANESE INTO DEFAULT, IT WILL BE ALL GAIN FOR THE SOVIETS AND ALL LOSS FOR JAPAN AND THE WEST.

S. I PERSONALLY BELIEVE THAT ANY SPECIAL CONSIDERATION WE CAN SHOW THE JAPANESE IN RESPECT TO THIS PROJECT WILL BE AMPLY REPAYED IN THE MONTHS AHEAD.
MANSFIELD

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